

TABLE TO § 652.40(c)—Continued

Liquidity level	Instruments	Discount (multiply market value by)
Supplemental Liquidity	<ul style="list-style-type: none"> Qualifying securities backed by Farmer Mac program assets (loans) guaranteed by the United States Department of Agriculture (excluding the portion that would be necessary to satisfy obligations to creditors and equity holders in Farmer Mac II LLC). Eligible investments under § 652.20 	90 percent except discounts for Level 1, 2 or 3 investments apply to such investments held as supplemental liquidity.

[78 FR 65553, Nov. 1, 2013; 79 FR 29074, May 21, 2014]

§ 652.45 Temporary regulatory waivers or modifications for extraordinary situations.

Whenever the FCA determines that an extraordinary situation exists that necessitates a temporary regulatory waiver or modification, the FCA may, in its sole discretion:

- (a) Modify or waive the minimum liquidity reserve requirement in § 652.40 of this subpart;
- (b) Modify the amount, qualities, and types of eligible investments that you are authorized to hold pursuant to § 652.20 of this subpart; and/or
- (c) Take other actions as deemed appropriate.

Subpart B—Risk-Based Capital Requirements

SOURCE: 71 FR 77253, Dec. 26, 2006, unless otherwise noted.

§ 652.50 Definitions.

For purposes of this subpart, the following definitions will apply:

AgVantage Plus means both the product by that name used by Farmer Mac and other similarly structured program volume that Farmer Mac might finance in the future under other names. Those AgVantage securities with initial principal amounts under \$25 million and whose issuers were part of the original AgVantage program are excluded from this definition.

Farmer Mac, Corporation, you, and your means the Federal Agricultural Mortgage Corporation and its affiliates as defined in subpart A of this part.

Our, us, or we means the Farm Credit Administration.

Regulatory capital means the sum of the following as determined in accordance with generally accepted accounting principles:

- (1) The par value of outstanding common stock;
- (2) The par value of outstanding preferred stock;
- (3) Paid-in capital, which is the amount of owner investment in Farmer Mac in excess of the par value of stock;
- (4) Retained earnings; and,
- (5) Any allowances for losses on loans and guaranteed securities.

Risk-based capital means the amount of regulatory capital sufficient for Farmer Mac to maintain positive capital during a 10-year period of stressful conditions as determined by the risk-based capital stress test described in § 652.65.

Rural utility guarantee fee means the actual guarantee fee charged for off-balance sheet volume and the earnings spread over Farmer Mac's funding costs for on-balance sheet volume on rural utility loans.

[71 FR 77253, Dec. 26, 2006, as amended at 76 FR 23467, Apr. 27, 2011]

§ 652.55 General.

You must hold risk-based capital in an amount determined in accordance with this subpart.

§ 652.60 Corporate business planning.

- (a) Farmer Mac's board of directors is responsible for ensuring that Farmer Mac maintain capital at a level that is sufficient to ensure continued financial viability and provide for growth. In addition, Farmer Mac's capital must be sufficient to meet statutory and regulatory requirements as well as the

goals and objectives required by paragraph (b)(5) of this section, including the Tier 1 ratio required in § 652.61(c)(2)(ii)(A). Farmer Mac must notify the OSMO within 10 calendar days of determining that capital is not sufficient to meet those goals and objectives.

(b) No later than 65 days after the end of each calendar year, Farmer Mac's board of directors must adopt an operational and strategic business plan for at least the next 3 years. The plan must include:

- (1) A mission statement;
- (2) A business and organizational overview and an assessment of management capabilities;
- (3) An assessment of Farmer Mac's strengths and weaknesses;
- (4) A review of the internal and external factors that are likely to affect Farmer Mac during the planning period;
- (5) Measurable goals and objectives;
- (6) A discussion of how these factors might impact Farmer Mac's current financial position and business goals;
- (7) Forecasted income, expense, and balance sheet statements for each year of the plan;
- (8) A marketing plan, and
- (9) A capital plan in accordance with § 652.61.

[78 FR 65149, Oct. 31, 2013]

§ 652.61 Capital planning.

(a) *Purpose.* This section establishes capital planning requirements for Farmer Mac.

(b) *Definitions.* For purposes of this section and § 652.62, the following definitions apply:

Basel III means the Basel Committee on Banking Supervision's document "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems," June 2011 and as it may be updated from time to time.

Capital action means any issuance of an equity capital instrument, and any capital distribution, as well as any similar action that OSMO determines could impact Farmer Mac's consolidated capital.

Capital distribution means a redemption or repurchase of any equity capital instrument, a payment of common or preferred stock dividends, a pay-

ment that may be temporarily or permanently suspended by the issuer on any instrument that is eligible for inclusion in the numerator of any minimum capital ratio, and any similar transaction that OSMO determines to be in substance a distribution of capital.

Capital plan means a written presentation of Farmer Mac's capital planning strategies and capital adequacy process that includes the mandatory elements set forth in paragraph (c)(2) of this section.

Capital policy means Farmer Mac's written assessment of the principles and guidelines used for capital planning, capital issuance, usage and distributions, including internal capital goals; the quantitative or qualitative guidelines for dividend and stock repurchases; the strategies for addressing potential capital shortfalls; and the internal governance procedures around capital policy principles and guidelines.

Planning horizon means the period of at least 12 quarters, beginning with the quarter preceding the quarter in which Farmer Mac submits its capital plan, over which the relevant projections extend.

Tier 1 Capital means the components meeting the criteria of Common Equity Tier 1 Capital and Additional Tier 1 Capital and the regulatory adjustments as set forth in Basel III, or Tier 1 Capital as defined in regulations of the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve, or the Federal Deposit Insurance Corporation, as revised from time to time; or another measure of high quality capital as approved for use under this regulation by the Director of OSMO.

Tier 1 ratio means the ratio of Farmer Mac's Tier 1 Capital to Total Risk-Weighted Assets.

Total Risk-Weighted Assets means a risk-weighting approach that is appropriate given Farmer Mac's business activities and consistent with broadly accepted banking practices and standards (e.g., one of the frameworks of the Basel Committee on Banking Supervision or similar U.S. regulations).

(c) *General requirements.* (1) *Annual capital planning.*